

26 October 2016

Riverstone Energy Limited – Interim Management Statement

Guernsey (26 October 2016) - Riverstone Energy Limited ("REL") is issuing this Interim Management Statement ("IMS") for the period from 1 July 2016 to 30 September 2016 (the "period").

Highlights

- Key Financials (unaudited)
 - NAV as at 30 September 2016 \$1,555 million (£1,198 million)¹
 - NAV per share as at 30 September 2016 \$18.41 / £14.19¹
 - Profit/(loss) during period \$183.1 million
 - Basic profit/(loss) per share during period 216.75 cents
 - Market capitalisation at 30 September 2016 \$1,261 million (£972 million)¹
 - Share price at 30 September 2016 \$14.93 / £11.50¹
- Total net commitments during the period of \$119 million
 - \$175 million to Centennial Resource Development LLC
 - (\$37 million) to Sierra Oil & Gas Holdings, L.P.
 - (\$36 million) to Rock Oil Holdings LLC
 - \$17 million to Eagle Energy Exploration, LLC
- Total invested capital during the period of \$54 million
 - \$20 million in Centennial Resource Development LLC
 - \$11 million in ILX Holdings III, LLC
 - \$10 million in Three Rivers Natural Resources Holdings III, LLC
 - \$14 million to five other portfolio companies
- Total realisations during the period of \$30 million by Riverstone Credit Opportunities, L.P.
- Total committed capital at 30 September 2016 is \$1,841 million or 144 per cent. of total net capital available^{2,3}
- Total invested capital at 30 September 2016 is \$1,101 million or 86 per cent. of total net capital available²
- Total uninvested capital at 30 September 2016 is \$240 million or 18 per cent. of total net capital available²
- From inception to 30 September 2016, capital has been invested at a weighted average WTI price per barrel of \$50.68 as compared to WTI trading price of \$48.82 at 30 September 2016
- Subsequent to the quarter end, REL completed the previously announced sale of Rock Oil Holdings LLC for gross proceeds of approximately \$230 million and completed its \$175 million investment in Centennial Resource Development LLC (NASDAQ:CDEV)

¹ Assumed exchange rate of 1.298 USD/GBP.

² Based on total capital raised of \$1,320 million plus realised profits and other income net of fees, expenses and accrued performance allocation. The Board does not expect to fully fund all commitments in the normal course of business.

³ Total committed capital reduced to \$1,727 million, or 135 per cent. of total net capital available, following completion of the Rock Oil sale in October 2016.

Richard Hayden, Chairman of REL, commented:

“Today’s results highlight REL’s ability to navigate challenging commodity price environments and deliver value to shareholders. The Company’s NAV per share stands at \$18.41, an increase of 13% since June’s results and 16% since December 2015. Furthermore, this does not reflect the uplift of REL’s recent \$175 million investment in Centennial, which closed after the end of the quarter and is currently trading at a 45% premium to REL’s cost base.

The Board remains sensitive to the discount to NAV at which the REL shares currently trade and will continue to evaluate open market purchases as authorised by the Shareholders at the AGM.”

David M. Leuschen and Pierre F. Lapeyre, Jr., Co-Founders of Riverstone, commented:

“REL has now completed its first realisation (in October 2016), the sale of Rock Oil, which resulted in a gross multiple of 2.0x invested capital. We believe this illustrates the strength of Riverstone’s investment strategy of partnering with best-in-class management teams, gradually deploying capital throughout the cycle and prudently managing risks. With REL’s investment in Centennial in the Permian Delaware Basin, almost 60% of REL’s capital is invested in the Permian, Eagle Ford and Western Canada. Our continued NAV growth is consistent with the attractiveness of these low-cost hydrocarbon basins in particular.”

Portfolio Update

Below is a summary of material activity in the portfolio during the period.

Rock Oil Holdings LLC (“Rock Oil”)

In the third quarter, REL, through Riverstone Energy Investment Partnership, L.P. (the “Partnership”), agreed to the sale of 100 per cent. of its membership interests in Rock Oil to SM Energy Company (NYSE: SM), a US-based E&P company. The transaction subsequently closed on 4 October 2016, resulting in gross cash proceeds to REL of approximately \$230 million. This implies a gross multiple of invested capital of 2.0x and a gain of \$116 million on the Company’s investment, through the Partnership, of \$114 million. Of these proceeds, \$216 million was received at closing and the rest is expected to be released following a nine month escrow period.

In addition, the Partnership retains its share of ownership of approximately 1,250 mineral acres in Howard County which were not included in the sale, and which are valued at approximately \$10 million to REL.

Centennial Resource Development LLC (“Centennial”)

In the third quarter, REL, through the Partnership, committed \$175 million and invested \$20 million in Centennial, an E&P company focused on the acquisition and development of oil and liquids-rich natural gas resources in the Permian Delaware Basin, West Texas. The \$175 million investment, which is managed by former EOG chief executive Mark Papa, was completed on 11 October through the purchase of shares in Silver Run Acquisition Corp. (“Silver Run”) at \$10 per share. Silver Run has been renamed Centennial Resource Development, Inc. (NASDAQ: CDEV) and its shares closed at \$14.54/share on 24 October 2016.

Sierra Oil & Gas Holdings, L.P. (“Sierra”)

In the third quarter, REL, through the Partnership, transferred 50 per cent. of its funded and unfunded commitment in Sierra to a separate investment vehicle managed by Riverstone and funded primarily by Mexican pension funds. This transfer is in line with REL’s stated strategy of periodically reviewing its unfunded commitment levels.

Eagle Energy Exploration, LLC (“Eagle II”)

In the third quarter, REL, through the Partnership, increased its commitment to Eagle II by \$17 million to support a well delineation drilling program. To date, the company has acquired approximately 12,400 net acres in the SCOOP and approximately 14,500 net acres in the Mississippi Lime, and is currently producing approximately 2,000 boepd.

ILX Holdings III, LLC (“ILX III”)

In the third quarter, REL, through the Partnership, invested \$11 million in ILX III to support drilling of two prospects in the Gulf of Mexico.

Three Rivers Natural Resources Holdings III, LLC (“Three Rivers III”)

In the third quarter, REL, through the Partnership, invested \$10 million in Three Rivers III to support drilling and completion activity in Three Rivers III’s approximately 55,000 net acre position in the Delaware Basin of the Permian.

Valuation of the Portfolio

Previously, on 18 October 2016, REL announced its quarterly portfolio summary as of 30 September 2016, inclusive of updated quarterly unaudited fair market valuations:

| | | | Committed Capital (\$mm) | Invested Capital (\$mm) | Realised Capital (\$mm) | Gross Realised & Unrealised Value (\$mm)⁴ | Gross MOIC⁴ |
|-------------------------|--------------------------|--------|---|--|--|---|-----------------------------------|
| CIOC | Deep Basin (Canada) | E&P | \$232 | \$232 | \$2 | \$473 | 2.0x |
| Rock Oil | Permian (U.S.) | E&P | 114 | 114 | - | 240 | 2.1x |
| Carrier II | Permian (U.S.) | E&P | 133 | 104 | - | 125 | 1.2x |
| Liberty II | Bakken, PRB (U.S.) | E&P | 142 | 116 | - | 105 | 0.9x |
| CNOR | Western Canada | E&P | 90 | 73 | - | 73 | 1.0x |
| Three Rivers III | Permian (U.S.) | E&P | 167 | 66 | - | 149 | 2.3x |
| RCO | North America | Credit | 125 | 87 | 70 | 99 | 1.1x |
| ILX III | Deepwater GoM (U.S.) | E&P | 200 | 58 | - | 58 | 1.0x |
| Fieldwood | GoM Shelf (U.S.) | E&P | 82 | 58 | 1 | 58 | 1.0x |
| Eagle II | Mid-Continent (U.S.) | E&P | 67 | 51 | - | 46 | 0.9x |
| Castex 2014 | Gulf Coast Region (U.S.) | E&P | 67 | 36 | - | 36 | 1.0x |

⁴ Gross MOIC is Multiple of Invested Capital. Gross Unrealised Value and Gross MOIC are before transaction costs, taxes, 20% carried interest on gross profits, management fees of 1.5% per annum and other expenses. Given these costs and expenses are in aggregate expected to be considerable, Total Net Value and Net MOIC will be materially less than Gross Unrealised Value and Gross MOIC. Local taxes may apply at the jurisdictional level on profits arising in operating entity investments. Further withholding taxes may apply on distributions from such operating entity investments.

| | | | | | | | |
|--|--------------------------|-----------|----------------|----------------|-------------|----------------|-------------|
| Meritage III | Western Canada | Midstream | 33 | 27 | - | 30 | 1.1x |
| Castex 2005 | Gulf Coast Region (U.S.) | E&P | 50 | 48 | - | 12 | 0.3x |
| Centennial | Permian (U.S.) | E&P | 175 | 20 | - | 20 | 1.0x |
| Origo | North Sea (Norway, U.K.) | E&P | 67 | 7 | - | 7 | 1.0x |
| Sierra | Mexico | E&P | 38 | 1 | - | 2 | 1.1x |
| CanEra III | Western Canada | E&P | 60 | 1 | - | 1 | 1.0x |
| Total⁵ | | | \$1,841 | \$1,101 | \$73 | \$1,533 | 1.4x |
| Percentage of REL net capital available⁶ | | | 144% | 86% | | | |

Ends

⁵ Amounts may vary due to rounding.

⁶ Based on total capital raised of \$1,320 million plus realised profits and other income net of fees, expenses and accrued performance allocation.

Media Contacts

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About Riverstone Energy Limited:

REL is a closed-ended investment company that invests exclusively in the global energy industry, with a particular focus on the exploration & production and midstream sectors. REL aims to capitalise on the opportunities presented by Riverstone's energy investment platform. REL is a member of the FTSE 250 and its ordinary shares are listed on the London Stock Exchange, trading under the symbol RSE. To date, REL has made 17 investments spanning conventional and unconventional oil and gas activities in the Gulf of Mexico, Continental U.S., Western Canada, the U.K. North Sea, the Norwegian Sea, Mexico and credit.

For further details, see www.RiverstoneREL.com

Neither the contents of Riverstone Energy Limited's website nor the contents of any website accessible from hyperlinks on the websites (or any other website) is incorporated into, or forms part of, this announcement.

Note:

This IMS aims to give an update of material events and transactions that have taken place during the period from 1 July 2016 to 30 September 2016 and their impact on the financial position of REL. This update reflects REL's and the Board's current views. They are subject to a number of risks and uncertainties and could change. Factors which could cause or contribute to such differences include, inter alia, general economic and market conditions and specific factors affecting the financial prospects or performance of individual investments within the portfolio of REL.

This IMS contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. Undue reliance should not be placed on any such statements because they speak only as at the date of this document and, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and REL's actions to differ materially from those expected or implied in the forward-looking statements.

The Investment Manager is charged with proposing the valuation of the assets held by REL through the Partnership. The Partnership has directed that securities and instruments be valued at their fair value. REL's valuation policy follows IFRS and IPEV Valuation Guidelines. Riverstone values each underlying investment in accordance with the Riverstone valuation policy, the IFRS accounting standards and IPEV Valuation Guidelines. Riverstone's rigorous valuation policy has been applied consistently quarter to quarter with no changes from the prior period to 30 September 2016. The value of REL's portion of that investment is derived by multiplying its ownership percentage by the value of the underlying investment. If there is any divergence between the Riverstone valuation policy and REL's valuation policy, the Partnership's proportion of the total holding will follow REL's valuation policy. There were no valuation adjustments recorded by REL as a result of differences in IFRS and U.S. Generally Accepted Accounting Policies for the period ended 30 September 2016 or in any period to date. Valuations of REL's investments through the Partnership are determined by Riverstone and disclosed quarterly to investors, subject to Board approval.

Riverstone values its investments using common industry valuation techniques, including comparable public market valuation, comparable merger and acquisition transaction valuation, and discounted cash flow valuation.

For development-type investments, Riverstone also considers the recognition of appreciation or depreciation of subsequent financing rounds, if any. For those early stage privately held companies where there are other indicators of a decline in the value of the investment, Riverstone will value the investment accordingly even in the absence of a subsequent financing round.

Riverstone reviews the valuations on a quarterly basis with the assistance of the Riverstone valuation committee as part of the valuation process.

The Audit Committee reviews the valuations of the Company's investments held through the Partnership, and makes a recommendation to the Board for formal consideration and acceptance.